HUD newsletter
U.S. Department of Housing and Urban Development
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Current Trends

Housing starts in February were at the seasonally-adjusted annual rate of 1.580 million units. . . up 2 percent over the revised January rate of 1.547 million units. . . but 10 percent lower than the rate in February 1977. Permits issued for future housing construction during February rose to the annual rate of 1.622 million units. . . 8.4 percent above the January rate . . . and 2 percent below the February 1977 level. . . according to the *Census Bureau.*

Early reports on February savings inflows in ***S&Ls*** and ***Mutual Savings Banks*** indicate a sharp drop from a year earlier. New savings for the month increased $2.10 billion . . . compared to $3.78 billion in February 1977. . . a 46.5 percent decrease.

Lumber prices continue their upward trend. At the end of February. . . according to the *NAHB*. . . the price level was approaching that of last August. Since the beginning of 1978. . . increases in individual lumber items have risen from 2 to 6 percent. Kiln dried Ponderosa Pine 2x4s jumped $13 per 1,000 board feet (mbf) in the last 2 weeks of February. . . and Southern Pine studs were $238 per mbf at the end of February. . . $28 above the August 1977 record high. Plywood prices have also risen at approximately the same rate.

The U.S. Savings and Loan League reported that the January mortgage delinquency rate jumped significantly to 0.89 percent from the December level of 0.74 percent. . . which was the lowest in 1977. Although the trend was up from December. . . the rate was considerably below the 0.98 percent figure for January 1977.

At the 47th annual convention of the *National Housing Conference*. . . Congressman Henry S. Reuss (Wisc.), Chairman of the *House Committee on Banking, Finance, and Urban Affairs,* was presented with the prestigious *Nathaniel S. Keith Award.* Nathaniel S. Keith, who served as *NHC* president for several years before his death in 1973, was deeply involved in housing and urban redevelopment, both as a top official in the *Federal Government* and as a private consultant. Previous recipients of the award have been Senators Hubert H. Humphrey of Minnesota (1977), William Proxmire of Wisconsin (1976), and John J. Sparkman of Alabama (1975).

Unemployment among construction workers followed the pattern of the overall employment rate and declined slightly in February. . . but still remained almost twice as high as unemployment in general. The rate for the month in the building trades dropped from 11.7 to 11.5 percent. . . with the overall rate reaching 6.1 percent. The drop in construction unemployment occurred even though February produced some of the worst winter weather in generations.

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January Housing Starts Data Misleading

FHLBB Chairman Robert H. McKinney. . . commenting on the sharp drop in privately-financed housing starts in January. . . warned analysts that the figures should not be used as a basis for assessing the strength of housing activity in 1978 or for subsequent housing policy decisions. He pointed out that reports indicate that the sharp decline in housing starts from December to January can be explained entirely as the result of abnormal weather factors. Not only was much of the country under snow. . . but even California was affected by abnormal weather with ground conditions too wet in many parts of the State to permit housing to be started.

City Participation in Rehab Program Invited

HUD* has invited eligible cities to compete for shares of some $78 million in special funding set aside to spur rehabilitation of a targeted goal of 20,000 housing units in selected neighborhoods across the country.** The notice of the availability of funds under *HUD's Section 8 Substantial Rehabilitation Program* appeared in the February 27 *Federal Register* . . . opening the competition and listing other criteria participating cities must meet. Eligible localities are those applying for or already receiving aid under *HUD's Community Development Block Grant Program.* May 30 is the final date to submit for ***HUD approval their choices of *Neighborhood Strategy Areas (NSAs),* where a combination of Federal, State, local, and private resources can produce a viable neighborhood within 5 years.

The new approach is designed to ensure both better housing and overall neighborhood improvement. The 20,000 housing units are expected to generate as much as $300 million in rehabilitation work and an estimated 10,000 new jobs.

The ***Department's*** intention to launch the new neighborhood revitalization effort was initially announced January 30.

HUD will approve *NSAs* on the basis of proposals by local governments for concentrated housing rehabilitation and neighborhood revitalization.

HUD stimulates housing rehabilitation under its *Section 8 Substantial Rehabilitation Program* by making payments to the owner. . . once a property is upgraded. . . for the difference between what the lower-income tenants pay and the contract rent for the dwelling unit.

The notice also specifies that:

- An eligible locality must also have a population of at least 25,000, or be an urban county eligible for assistance under *HUD's Community Development Block Grant Program;*

- Half of the 20,000 housing units must be financed by ***State Housing Finance and Development Agencies (HFDAs),*** and cities in States with active ***HFDAs*** must take full advantage of opportunities for such refinancing;

- No restrictions will be imposed on the remaining 10,000 housing units as to source of financing;

- ***HUD*** does not expect to fund *NSA* requests for more than 500 housing units for any local government, except where a larger, clearly superior proposal is involved.

Final selections will represent a broad cross section of local governments by size and geographic distribution.

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15 Areas to be Covered in Annual Housing Survey

This year's *Annual Housing Survey* to be conducted by the *Census Bureau* for *HUD* will cover 15 metropolitan areas.

The survey is undertaken in response to a need for frequent and up-to-date data on U.S. housing. It will start in April and continue through early 1979. Some 97,000 housing units in the 15 *Standard Metropolitan Statistical Areas (SMSA's)* will be covered.

The 60 *SMSA's* in the *Annual Housing Survey* are covered on a rotation basis. The 15 *SMSA's* in this year's survey were last interviewed in 1975-76.

SMSA's in this year's survey are: **Atlanta, Cincinnati, Colorado Springs, Columbus, Kansas City, MO-KA, Newport News-Hampton, New Orleans, Paterson-Clifton-Passaic, Philadelphia, Riverside-San Bernardino-Ontario, Rochester, N.Y., San Antonio, San Diego, San Francisco-Oakland, and Springfield, Chicopee-Holyoke.**

Joint ***HUD-Census*** reports will be issued a year after completion of the interviews.

Applications for Elderly and Handicapped Housing Speeded

Beginning March 31. . . applications for rental and cooperative housing under *HUD's Section 202 Housing for the Elderly and Handicapped* will be processed in *HUD's Regional and Area Offices* instead of at the *Department's Central Office* in Washington. It is expected that this will speed up the availability of some 24,000 units of housing under the *Program* this year. Loans are made to eligible nonprofit borrowers to build new apartments or substantially rehabilitate existing units.

A total of $750 million has been made available for lending under the *Program* in fiscal 1978. During the past 2 years. . . funding reservations have been made for 492 projects. . . involving $1.6 billion financing.

The *Program* is designed primarily for low- and moderate-income elderly and handicapped people. . . but the occupants of *Section 202* housing are expected to have a wide range of income and may include some who need no assistance. For tenants with income below 80 percent of the median income of the area. . . subsidies are available under *HUD's Section 8 Housing Assistance Payments Program*. . . through which lower-income families receive rental assistance.

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Urban Initiatives Program Unveiled

***HUD* Secretary Harris has announced plans to take the country's worst housing failures and convert them into success stories.**

Speaking to the 47th annual convention of the ***National Housing Conference*** in Washington, D.C., Secretary Harris said ***HUD's*** principal tool for this turnaround is a new program called *Urban Initiatives,* to be established within a month.

Urban Initiatives will build on the successful experiences of the *Target Projects Program,* begun in June 1974, to deal with management problems in specific housing projects.

Under that program, 3,500 ***Public Housing Authority*** employees were trained in maintaining and servicing public housing projects, and losses through vacancies were cut 40 to 50 percent.

"We will prove," said Secretary Harris, "that we can take the worst housing failures and make them successes. Our purpose and our commitment is to see to it that our people will be housed decently."

The Secretary outlined a variety of ***HUD*** activities designed to produce decent housing and a suitable environment for all Americans—in cities, suburbs, and rural areas.

More details are available from *HUD's Office of Public Affairs,* Room 9243, Washington, D.C. 20410 (202/755-7174). Ask for *Release No. 78-77.*

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Significant Decision

Antonio Ramos Perez, et al. v. United States, Corporación de Renovación Urbana y Vivienda, et al. ***U.S. District Court.*, District of Puerto Rico,** *Civ. No. 75-570.* The ***Court*** has granted the ***Government's*** motion to dismiss for failure to state an actionable claim under the *Federal Tort Claims Act.* Plaintiffs had contended that ***HUD's*** approval of plans and inspection of construction on a *Public Housing Project* in San Juan, Puerto Rico, made the ***United States*** liable for injuries sustained by a tenant due to faulty design. The ***Court*** held that ***HUD's*** approval of plans, and inspection of work progress, were done solely to protect the financial interest of the ***United States*** and that the ***Local Housing Authority*** was not an agent of the ***Federal Government*** for purposes of imposing derivative liability upon the ***Government.***

Housing Seminars Scheduled

The National Center for Housing Management **is sponsoring four series of seminars on:** *Congregate Housing—An Emerging Need. . . The Money Side of Housing Management . . . FmHA 515 and HUD Section 8. . .* **and** *Elderly Housing Management Training Program.* Further details may be obtained from: *NCHM,* 1133 15th St., N.W., Suite 611, Washington, D.C. 20005 (202/872-1717). Seminar dates and locations:

Congregate Housing. . . **New Orleans,** April 20-21; **Chicago,** May 18-19; **Washington, D.C.,** June 15-16; **Durham, New Hampshire,** August 10-11; **Pittsburgh,** September 14-15; **Denver,** September 21-22; **Dallas,** October 12-13; and **Seattle,** November 9-10.

The Money Side. . . **Columbus, Ohio,** April 27-28; **Atlanta,** May 18-19; **Los Angeles,** May 22-23; **Philadelphia,** June 15-16; **Detroit,** June 19-20; **Kansas City, Mo.,** June 22-23; **Minneapolis,** August 10-11; **Louisville,** September 28-29; **Chicago,** October 12-13; **Denver,** October 19-20; **San Juan,** November 2-3; **Washington, D.C.,** November 9-10; and **San Francisco,** December 14-15.

HUD Section 8 and *FmHA Sec. 515 Housing. . .* **Fort Worth,** April 17-18; **San Francisco,** May 8-9; **Atlanta,** June 8-9; **Denver,** June 22-23; and **Detroit,** July 13-14.

Elderly Housing Management. . . **Denver,** April 16-21; **Concord, New Hampshire,** May 14-19; **Watsonville, California,** June 18-23; **Washington, D.C.,** July 23-28; **Chicago,** September 10-15; and **Orlando,** November 12-17.

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New Publication

Housing the Urban Poor: A Critical Evaluation of Federal Housing Policy, by Arthur P. Solomon. Published by the ***Joint Center for Urban Studies of MIT and Harvard.*** 225 pages. Paper. **Available from the *MIT Press,* 28 Carleton Street, Cambridge, Mass. 02142. Price $4.95.**

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